

child restraint system which meets federal motor vehicle safety standards.

6. Failure to use a child restraint system, safety belts, or safety harnesses as required by this section does not constitute negligence nor is the failure admissible as evidence in a civil action.

Sec. 2. Section 321.210, Code 1983, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The department shall not consider or assess any points for violations of section 321.446, in determining a license suspension under this section.

Sec. 3. Section 321.445, unnumbered paragraph 5, Code 1983, is amended to read as follows:

Failure to use seat belts installed in a motor vehicle shall is not be a crime or a public offense except as provided in section 321.446.

Sec. 4. Section 321.555, subsection 2, Code 1983, is amended to read as follows:

2. Six or more of any separate and distinct offenses within a two-year period in the operation of a motor vehicle which are required to be reported to the department by section 321.207 or chapter 321C, except equipment violations, violations of parking regulations of cities, violations of registration laws, violations of section 321.446, operating a vehicle with an expired license or permit, failure to appear, and weights and measures violations and speeding violations of less than fifteen miles per hour over the legal speed limit.

Sec. 5. Section 805.8, subsection 2, Code Supplement 1983, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. For failing to secure a child with a child restraint system, safety belt, or harness in violation of section 321.446, the scheduled fine is ten dollars.

Sec. 6. This Act takes effect January 1, 1985.

Approved March 16, 1984

CHAPTER 1017

INTEREST ON LIFE INSURANCE POLICY LOANS

H.F. 2263

AN ACT to regulate interest rates on life insurance policy loans.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. **NEW SECTION.**

1. Life insurance policies issued after July 1, 1984 may provide interest rates on policy loans in accordance with either of the following:

- a. A maximum interest rate of not more than eight percent per annum.
- b. An adjustable maximum interest rate established as permitted under this section.

2. The rate of interest charged on a policy loan made under subsection 1, paragraph "b", shall not exceed the greater of the following:

a. The published monthly average for the calendar month ending two months before the date on which the rate is determined. For purposes of this subsection, "published monthly average" means one of the following:

(1) Moody's corporate bond yield average-monthly average corporates as published in Moody's investors service, inc., or any successor to the investors service.

(2) If Moody's corporate bond yield average-monthly average corporates is no longer published, a substantially similar average established by rule issued by the commissioner of insurance.

(3) On or before the first day of each month, the commissioner of insurance shall determine the "published monthly average" for the calendar month ending one month before the date on which the monthly average is determined, and publish the rate, as a notice in the Iowa administrative bulletin or as a legal notice in a newspaper of general circulation published in Polk county prior to the first day of the following calendar month. This published monthly average is effective on the first day of the following calendar month. The determination of this published monthly average by the commissioner of insurance is exempt from chapter 17A.

b. The rate used to compute the cash surrender values under the policy during the applicable period plus one percent per annum.

3. If the maximum rate of interest is determined under subsection 1, paragraph "b", the policy shall state the frequency at which the rate is to be determined for that policy.

4. The maximum rate for the policy shall be determined at established intervals at least once every twelve months, but not more frequently than once every three months. At the intervals established in the policy the rate:

a. May be increased when an increase as determined under subsection 2 would increase the charged rate by one-half percent or more per annum.

b. Shall be reduced when a reduction as determined under subsection 2 would decrease the charged rate by one-half percent or more per annum.

5. When a cash loan is made, the insurer shall notify the policyholder of the initial interest rate on the loan. With respect to premium loans, the insurer shall notify the policyholder of the initial interest rate as soon as the insurer can reasonably do so after making the loan. An insurer need not inform the policyholder of the interest rate when an additional premium loan is made unless the interest rate increases. However, policyholders with either cash or premium loans shall receive reasonable advance notice of any increase in the interest rate. Notices required under this subsection shall also contain the following information:

a. The maximum interest rate on the loan if the loan is a fixed rate loan.

b. The fact that the interest rate is adjustable if the loan is an adjustable rate loan.

c. The frequency at which the rate is to be determined for that policy or if an adjustable interest rate, the established intervals at which the rate may be adjusted.

6. A policy shall not terminate in a policy year solely as the result of change in the interest rate during that year. The life insurer shall maintain coverage during that policy year until the time at which it would otherwise have terminated if there had been no change during that policy year.

7. Policies of insurance upon which a loan can be made shall state the following:

a. Whether fixed rate loans or adjustable rate loans are permitted.

b. If fixed rate loans are permitted, the maximum rate of interest on those loans.

c. If adjustable rate loans are permitted, the established intervals at which the rate may be adjusted.

8. Unless the context otherwise requires, for purposes of this section:

a. The rate of interest on policy loans includes the interest rate charged on reinstatement of policy loans for the period during and after a lapse of the policy.

b. "Policy loan" includes a premium loan made under a policy to pay a premium that was not paid to the insurer when due.

c. "Policyholder" includes the owner of the policy or the person designated, on the records of the insurer, to pay premiums.

d. "Policy" includes certificates issued by a fraternal benefit society and annuity contracts which provide for policy loans.

9. Other provisions of law do not apply to policy loan interest rates unless made specifically applicable to the rates.

Sec. 2. This Act applies to all insurance contracts issued on or after the effective date of this Act, but this Act does not apply to an insurance contract issued before the effective date of this Act unless the policyholder agrees in writing to its applicability.

Approved March 16, 1984

CHAPTER 1018
NOTICE OF ZONING ACTIONS BY CITIES
H.F. 2184

AN ACT relating to publication of notice for zoning actions taken under chapter 414.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 414.4, Code 1983, is amended to read as follows:

414.4 REGULATIONS AND BOUNDARIES. The council of ~~such~~ the city shall provide for the manner in which ~~such~~ the regulations and restrictions and the boundaries of ~~such~~ the districts shall be determined, established, and enforced, and from time to time amended, supplemented, or changed. However, ~~no such~~ the regulation, restriction, or boundary shall not become effective until after a public hearing ~~in relation thereto~~, at which parties in interest and citizens shall have an opportunity to be heard. At least fifteen days' The notice of the time and place of such the hearing shall be published in a paper of general circulation in such city as provided in section 362.3, except that at least seven days notice must be given and in no case shall the public hearing be held earlier than the next regularly scheduled city council meeting following the published notice.

Sec. 2. Section 414.24, unnumbered paragraph 1, Code 1983, is amended to read as follows:

A city may, and upon petition of sixty percent of the owners of the real estate in the district sought to be affected who are residents of the city shall, designate and establish, after notice and hearing as provided in section 414.4, restricted residence districts within the city limits.

Approved March 16, 1984